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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/866,324	05/24/2001	Michael Alvarez Cohen	13218-003001	5258

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FISH & RICHARDSON P.C.
3300 DAIN RAUSCHER PLAZA
MINNEAPOLIS, MN 55402

EXAMINER

WEBB, JAMISUE A

ART UNIT	PAPER NUMBER
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3629

DATE MAILED: 05/28/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/866,324

Applicant(s)

COHEN ET AL.

Examiner

Jamisia A. Webb

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☐ Responsive to communication(s) filed on ____.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-28 is/are pending in the application.
- 4a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 1-28 is/are rejected.
- 7) ☐ Claim(s) ____ is/are objected to.
- 8) ☐ Claim(s) ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 24 May 2001 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. ____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 4/5, 4/12, 3/1.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. ____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: ____.

DETAILED ACTION

Drawings

1. The drawings are objected to as failing to comply with 37 CFR 1.84(p)(5) because they include the following reference sign(s) not mentioned in the description: 430, 910, 1014, 1210 and 1214. A proposed drawing correction, corrected drawings, or amendment to the specification to add the reference sign(s) in the description, are required in reply to the Office action to avoid abandonment of the application. The objection to the drawings will not be held in abeyance.

Claim Rejections - 35 USC § 112

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

3. Claims 1-28 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

4. With respect to Claims 1 and 15: the phrase "comparing the predicted future usage level with" is indefinite. Previously in the claim the predicted future usage level has not been positively claimed, all that is being claimed is to receive usage information for predicting future usage levels, it was never actually determined. Therefore it is unclear how to obtain or what "the predicted future usage lever" is referring to.

5. With respect to Claim 2: the phrase "the receiving usage information includes" is indefinite. This phrase is grammatically incorrect and therefore leaves the statement unclear. Is

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this the receiving usage information "step" mentioned above. The examiner suggest using the word step when referring to the previous claim.

6. Claims 3 and 17 recite the limitation "the customer" in line 2. There is insufficient antecedent basis for this limitation in the claims.

7. With respect to Claims 3 and 17: the phrase "other exercise devices of a type similar to the exercise device included in the network-enabled exercise device" is indefinite. It is unclear to the examiner what is included in what. Does this mean an exercise device is included within a network-enabled exercise device? Is the usage included in the network-enabled device?

8. With respect to Claims 13 and 27: the phrase "the portion of revenues exceeds any purchase price paid by the customer" is indefinite. This claims is positively claiming an uncontrolled variable that is based on or depends on a person's activity or market activity. How do you know that a customer will use the product enough to have the portion of revenues greater than the product price? For examination purposes, the examiner is treating this term as a "capable of" term, and treating this limitation as "the portion of revenues can exceed any purchase price paid".

9. With respect to Claims 14 and 28: the phrase "the comparing and calculating are" is indefinite. This phrase is grammatically incorrect and therefore leaves the statement unclear. Is this the comparing and calculating "step" mentioned above. The examiner suggests using the word step when referring to the previous claim.

Claim Rejections - 35 USC § 101

Claims 1, 3-13 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use or advance the technological arts fail to promote the “progress of science and the useful arts” (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use or advance the technological arts. In the present case, Claims 1, 3-8 and 10-14 only recites an abstract idea. The recited steps of merely comparing usage level with a threshold value and calculating price does not apply, involve use or advance the technological arts since all of the recited steps can still be performed in the mind of the user or by use of a pencil and paper. These steps only constitute an idea of how to calculate the cost of equipment.

As to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is a positive recitation in the claim as a whole to breathe life and meaning into the preamble. In the present case, none of the recited steps are directed to anything

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in the technological arts as explained above with the exception of the pre-amble stating a "network-enabled" device. Looking at the claim as a whole, nothing in the body of the claim recites any structure or functionality to suggest that a computer performs the recited steps.

Therefore, the preamble is taken to merely recite a field of use.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention produces prices of equipment based on predicted usage values.

Although the recited process produces a useful, concrete, and tangible results, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 1 and 3-13 are deemed to be directed to non-statutory subject matter.

Claim Rejections - 35 USC § 103

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claims 1-7, 14-21, and 28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Netpulse (Press release March 1, 1999) in view of Schoenborn (6,532,281).

12. With respect to Claims 1 and 15: Netpulse discloses the use of a network enables piece of exercise equipment that is internet ready, however fails to disclose how to price the exercise equipment, or access to the exercise equipment. Schoenborn discloses the method of pricing a monthly usage of a telecommunications network which is capable of being a data transfer

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network (see abstract, column 2, lines 22-27). Schoenborn discloses the method including receiving usage information for predicting future usage (column 3, lines 39-44), comparing the future usage with average costs (column 3, lines 59-67) and calculating the cost of the monthly usage (column 4, lines 1-7). It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify the Netpulse machine, to include the costing method, as disclosed by Schoenborn, in order to optimize tariffing in a communications network and to provide a flat rate pricing for network access of network equipment (See Schoenborn, Column 1).

13. With respect to Claim 2 and 16: See Schoenborn column 1, lines 53-55, column 3, lines 39-57, column 4, lines 21-29, and column 5, lines 15-34.

14. With respect to Claims 3 and 17: Schoenborn discloses the use of using past history of customers with similar usage to quote a cost or flat rate price (column 4, lines 18-29).

15. With respect to Claims 4, 5, 18 and 19: See Schoenborn, Column 7, lines 54-67.

16. With respect to Claims 6, 7, 20 and 21: See Schoenborn, column 1, lines 62 to column 2, line 51.

17. With respect to Claims 14 and 28: See Schoenborn abstract.

18. Claims 8-13 and 22-27 are rejected under 35 U.S.C. 103(a) as being unpatentable over Netpulse and Schoenborn as applied to claims 1 and 15 above, and further in view of Krishan et al. (6,442,529).

19. With respect to Claims 8 and 22: Netpulse and Schoenborn disclose the use of pricing internet access based on predicted usage and based on frequency of use, however fails to disclose

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the cost being based on the frequency of viewing e-marketing content. Krishan discloses the use of internet access, where the cost of the internet access or the portal used for internet accessed is based on the viewing of e-commerce advertising (see abstract). It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify the method of netpulse and Schoenborn to include the advertising aspect, as disclosed by Krishan, in order to display advertising and to use the revenue generated by the advertising to subsidize internet cost (See Kirshan, abstract and columns 3 and 4).

20. With respect to Claims 9 and 23: See Krishan, Figures 7 and 8 and Column 6, lines 6-17.

21. With respect to Claims 10-12 and 24-26: See Krishan, Column 3, lines 62 to column 4, line 6, Column 5, lines 52-55, Column 6, lines 18-25, Column 7, lines 1-42 and Column 8, lines 23-31.

22. With respect to Claims 13 and 27: Krishan discloses the rebate (subsidy) from the ISP is so that the cost of the mini-portal as well as getting the internet access for free (Column 7, lines 33-42 and Column 8 lines 23-31), therefore the revenue (subsidy) being greater than the purchase price of the mini-portal.

Conclusion

23. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Dedrick (5,7424,521) discloses the use of a method for providing and charging for electronic advertisements, Roth (6,285,987) discloses the use of an internet advertising system, Angles et al. (6,385,592) discloses the use of of customized advertising over the internet, Dedrick (5,752,238) discloses the use of a pricing mechanism for electronic information, Dent et

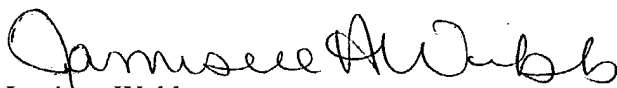
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al. (6,098,878) discloses the use of price management based on predicted usage, Aggarwal et al. (6,714,975) discloses the use of targeted advertisements, and Hammond et al. (6,477,509) discloses the use of Internet marketing methods.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jamisue A. Webb whose telephone number is (703) 308-8579. The examiner can normally be reached on M-F (7:30 - 4:00).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on (703) 308-2702. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).


Jamisue Webb

JOHN G. WEISS
SUPERVISOR & EXAMINER
TECHNOLOGY CENTER 3600